



Committee on Transportation and Infrastructure  
U.S. House of Representatives  
Washington DC 20515

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April 22, 2022

**SUMMARY OF SUBJECT MATTER**

**TO:** Members, Subcommittee on Coast Guard and Maritime Transportation  
**FROM:** Staff, Subcommittee on Coast Guard and Maritime Transportation  
**RE:** Hearing on “Review of Fiscal Year 2023 Budget Request for the Coast Guard and Maritime Transportation Programs”

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**PURPOSE**

The Subcommittee on Coast Guard and Maritime Transportation will hold a hearing on Wednesday, April 27, 2022, at 10:00 a.m. EDT in 2167 Rayburn House Office Building and via Zoom to examine the President’s fiscal year (FY) 2023 budget requests for the Coast Guard and maritime transportation programs. The subcommittee will hear testimony from the U.S. Coast Guard (Coast Guard or Service), the Federal Maritime Commission (Commission or FMC), and the Maritime Administration (MARAD).

**BACKGROUND**

**Coast Guard**

The Coast Guard was established on January 28, 1915, through the consolidation of the Revenue Cutter Service (established in 1790) and the Lifesaving Service (established in 1848). The Coast Guard later assumed the duties of three other agencies: the Lighthouse Service (established in 1789), the Steamboat Inspection Service (established in 1838), and the Bureau of Navigation (established in 1884).

Under Section 102 of title 14, United States Code, the Coast Guard has primary responsibility to enforce or assist in the enforcement of all applicable federal laws on, under, and over the high seas and waters subject to the jurisdiction of the United States; to ensure the safety of life and property at sea; to carry out domestic and international icebreaking activities; and, as one of the six armed forces of the United States, to maintain defense readiness to operate as a specialized service in the Navy upon the declaration of war or when the President directs.

The Coast Guard is directed by a Commandant, appointed by the President with the advice and consent of the Senate to a four-year term. Admiral Karl Schultz was sworn in as the 26th Commandant of the Coast Guard in June 2018 and will retire from his duty on June 1, 2022.

*Fiscal Year 2023 Coast Guard Budget Request*

The President's FY 2023 budget request for the Coast Guard<sup>1</sup> compares to the FY 2022 enacted funding level<sup>2</sup> as shown here:

<b>Coast Guard FY 2022 Enacted to FY 2023 President's Budget Request Comparison</b>				
(Dollars in Thousands)				
<b>Program</b>	<b>FY 2022 Enacted</b>	<b>President's FY 2023 Budget Request</b>	<b>FY 2022 to FY 2023 Change (\$)</b>	<b>FY 2022 to FY 2023 Change (%)</b>
Operations & Support (O&S)	\$ 9,162,120	\$ 9,620,029	\$ 457,909	5.0%
Environmental Compliance & Restoration (EC&R) <sup>1</sup>	\$ 27,456	\$ 24,386	\$ (3,070)	-11.2%
Medicare-Eligible Retiree Health Care Fund (MERHCF)	\$ 240,577	\$ 252,887	\$ 12,310	5.1%
Procurement, Construction & Improvements (PC&I)	\$ 2,030,100	\$ 1,654,850	\$ (375,250)	-18.5%
Research & Development (R&D)	\$ 7,476	\$ 7,476	\$ -	0.0%
National Coast Guard Museum Grant <sup>2</sup>	\$ 50,000	\$ -	\$ (50,000)	-100.0%
<b>Subtotal, Discretionary</b>	<b>\$ 11,517,729</b>	<b>\$ 11,559,628</b>	<b>\$ 91,899</b>	<b>0.8%</b>
Retired Pay	\$ 1,963,519	\$ 2,044,414	\$ 80,895	4.1%
State Boating Safety Grants	\$ 128,987	\$ 132,442	\$ 3,455	2.7%
Maritime Oil Spill Program	\$ 101,000	\$ 101,000	\$ -	0.0%
General Gift Funds	\$ 2,864	\$ 2,864	\$ -	0.0%
Housing Fund <sup>3</sup>	\$ 4,000	\$ 4,000	\$ -	0.0%
<b>Subtotal, Mandatory</b>	<b>\$ 2,200,370</b>	<b>\$ 2,284,720</b>	<b>\$ 84,350</b>	<b>3.8%</b>
<b>Total</b>	<b>\$ 13,718,099</b>	<b>\$ 13,844,348</b>	<b>\$ 176,249</b>	<b>1.3%</b>
<sup>1</sup> EC&R funding was incorporated into the Coast Guard's O&S PPA in FY 2019; this row is therefore excluded from the Discretionary Subtotal.				
<sup>2</sup> Museum funding was awarded as a one-time grant in FY 2022 and is not expected to continue on an annual basis.				
<sup>3</sup> Housing funds appear as a discretionary offsetting fee in the Coast Guard Congressional Justification. Housing funds appear as Administrative Provisions in the Joint Explanatory Statement as multiple line items.				

<sup>1</sup> White House. *FY 2023 President's Budget*, available at [https://www.whitehouse.gov/wp-content/uploads/2022/03/budget\\_fy2023.pdf](https://www.whitehouse.gov/wp-content/uploads/2022/03/budget_fy2023.pdf).

<sup>2</sup> Consolidated Appropriations Act, 2022 (Public Law 117-103), available at <https://www.congress.gov/bill/117th-congress/house-bill/2471>.

The President requests \$13.8 billion in FY 2023 for the activities of the Coast Guard, including \$11.5 billion in discretionary funding.<sup>3</sup> The discretionary request is an increase of \$96 million (0.8 percent) from the FY 2022 enacted level.

### *Operations and Support*

The President requests \$9.620 billion for the Operations and Support (O&S) account in FY 2023, a \$458 million (5.0 percent) increase from the FY 2022 enacted level. The O&S account supports the day-to-day activities of the Coast Guard including administrative expenses, support costs, travel, lease payments, and the operation and maintenance of infrastructure and assets. The O&S account also funds personnel compensation and benefits for the Service's approximately 40,500 active-duty military members, 8,000 reservists, and 9,000 civilian employees.<sup>4</sup> Included in this request is \$5.1 billion for military pay and personnel support; \$430 million for mission support, including enterprise management and environmental compliance and restoration; and \$3.9 billion for field operations.<sup>5</sup>

The O&S budget request includes increases in funding to cover follow-on costs for the operation and maintenance of newly acquired assets and technology and increases in other administrative expenses to cover the cost of the 2022 military pay raise (4.6 percent), 2022 civilian pay raise (2.7 percent), 2023 military pay raise (2.7 percent), and 2023 civilian pay raise (4.6 percent).

The FY 2023 budget includes an increase of 33 staff positions, 19 full-time equivalents (FTE), and \$6.8 million to fund initiatives in the Coast Guard's Technology Revolution Roadmap.<sup>6</sup> This comprehensive framework outlines investments required to ensure mission execution supported by reliable, mobile, and integrated technology.<sup>7</sup> The investments in this request are focused on the sustainment of the rapid application development platform, newly developed mobile applications and telework capabilities, and sustainment of new enterprise applications. The base for this program is seven positions, seven FTE, and \$6.0 million. This funding allows for the rapid development of cyber-secure web-based applications for use by marine inspectors, law enforcement officers, pollution investigators, recruiters, and other field operators across the Coast Guard.<sup>8</sup> It also provides personnel to support the new capabilities offered by acquisitions programs, including logistics information management and command and control systems. Finally, this request sustains the Coast Guard's increased telework capacity with dedicated personnel and contract services support.<sup>9</sup>

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<sup>3</sup> United States Coast Guard. *U.S. Coast Guard Budget Overview: Fiscal Year 2023 Congressional Justification*, available at <https://www.uscg.mil/Portals/0/documents/budget/2023/FY%202023%20Congressional%20Justification.pdf?ver=sNVot6ILB-bDynTKEVPTBw%3d%3d&timestamp=1648484167362>.

<sup>4</sup> United States Coast Guard. *2023 Budget Overview: Posture Statement*, available at <https://www.uscg.mil/Portals/0/documents/budget/2023/FY%202023%20Posture%20Statement.pdf?ver=nSIvAr6imO5IsOC3m0PMsg%3d%3d>.

<sup>5</sup> *Id.*

<sup>6</sup> United States Coast Guard. *U.S. Coast Guard Budget Overview: Fiscal Year 2023 Congressional Justification*.

<sup>7</sup> United States Coast Guard. *Tech Revolution: Vision for the Future*, available at <https://www.dcms.uscg.mil/Portals/10/CG-6/roadmap/C5i-roadmap-FINAL-v6.pdf>.

<sup>8</sup> United States Coast Guard. *U.S. Coast Guard Budget Overview: Fiscal Year 2023 Congressional Justification*.

<sup>9</sup> *Id.*

In January of 2020, the Coast Guard opened the Blue Technology Center of Expertise (BTCOE) at Scripps Institution of Oceanography in La Jolla, California.<sup>10</sup> This new Center of Expertise will further act as a unique pipeline to innovation and enable sharing of information between the Coast Guard, private sector, other federal agencies, academia, and non-profit organizations.<sup>11</sup> Following the creation of this new center, the President's FY 2023 budget request includes an increase of one full-time position, one FTE, and \$2.5 million to fund personnel and operating costs associated with the BTCOE and the Defense Innovation Unit detachment. This increase establishes a base for these programs.<sup>12</sup>

The Environmental Compliance and Restoration (EC&R) account was moved to the O&S account in FY 2019. The President requests \$24.4 million within O&S for EC&R in FY 2023, a \$3.1 million (or 11.2 percent) decrease from the FY 2022 enacted level. The EC&R funding provides for the clean-up and restoration of contaminated Coast Guard facilities, and for the remediation of Coast Guard assets to ensure they are safe to operate or can be decommissioned in compliance with environmental laws.<sup>13</sup> The \$24.4 million requested for EC&R continues long-term monitoring at 22 sites, begins or continues investigation and remediation site work at 30 sites, and displays a commitment to ongoing identification, investigation, cleanup, and long-term management of contamination from hazardous substances and pollutants for Coast Guard systems, buildings, structures, and assets.<sup>14</sup>

The FY 2023 budget request also transfers the coordination of Maritime Operational Threat Response (MOTR; coordinated U.S. government response to threats against the U.S. and its interests in the maritime domain globally)<sup>15</sup> and Spill of National Significance events (SONS; oil spills that are sufficiently large or complex that coordination between federal, state, local, and responsible party resources is required to clean up the spill)<sup>16</sup> to the U.S. Coast Guard as part of the Department of Homeland Security (DHS) effort to realign certain non-statutory functions from the DHS Office of Operations Coordination and Planning (OPS).<sup>17</sup> While such events are rare when they occur, the Coast Guard is the primary subject matter expert and DHS OPS does not provide dedicated resources in this area. By removing the coordination step within DHS OPS, the Coast Guard will be better positioned to directly seek input from across DHS. The assumption of MOTR and SONS events by the Coast Guard does not include additional resources.<sup>18</sup>

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<sup>10</sup> United States Coast Guard. *Coast Guard opens new Blue Technology Center of Expertise*, available at <https://www.dcms.uscg.mil/Our-Organization/Assistant-Commandant-for-Acquisitions-CG-9/Newsroom/Latest-Acquisition-News/Article/2065456/coast-guard-opens-new-blue-technology-center-of-expertise/>. January 24, 2020.

<sup>11</sup> *Id.*

<sup>12</sup> United States Coast Guard. *U.S. Coast Guard Budget Overview: Fiscal Year 2023 Congressional Justification*.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> Department of Homeland Security. *Global MOTR Coordination Center*, available at <https://www.dhs.gov/global-motr-coordination-center-gmcc>.

<sup>16</sup> SONS Communications Coordination Workgroup. *Spill of National Significance Executive Reference Guide*, available at [https://www.dco.uscg.mil/Portals/9/CG-5R/MER/MER%203/SERG\\_04\\_April\\_2019\\_FINAL.pdf?ver=2019-06-08-153911-130](https://www.dco.uscg.mil/Portals/9/CG-5R/MER/MER%203/SERG_04_April_2019_FINAL.pdf?ver=2019-06-08-153911-130).

<sup>17</sup> United States Coast Guard. *U.S. Coast Guard Budget Overview: Fiscal Year 2023 Congressional Justification*.

<sup>18</sup> *Id.*

The proposed O&S increases are offset by proposed cuts derived through decommissioning certain assets, fee and operational adjustments, annualization of prior-year initiative reductions, and the termination of one-time costs. Specifically, the proposed reductions affecting the O&S account include:

- Asset decommissions and associated personnel reductions: The FY 2023 budget request proposes the decommissioning of four HC-130H Long Range Surveillance Aircraft (\$12.9 million), one 210-foot Reliance Class Medium Endurance Cutter (WMEC; \$10.0 million), temporary disestablishment of one 270-foot Famous Class WMEC crew during an extended Service Life Extension Project (SLEP; \$22.2 million), five 110-foot legacy Island Class Patrol Boats (WPBs; \$6.8 million), and five legacy 87-foot Marine Protector Class Coastal Patrol Boats (\$2.2 million) for a total savings of \$41.2 million in FY 2023.<sup>19</sup>
- Operational adjustments: The FY 2023 budget request also proposes savings of \$1.6 million in Coast Guard detailee reductions, \$1.1 million in the consolidation of redundant stations, \$896 thousand in improved boat operations, \$182 thousand in improved management efficiencies, \$775 thousand in improved mission support efficiencies, \$1.0 million from departmental initiatives, and \$488 thousand from rebalanced maritime patrol aircraft operations for an additional savings of \$5.9 million.<sup>20</sup>

#### *Procurement, Construction, and Improvements*

The President requests \$1.655 billion for the Procurement, Construction, and Improvements (PC&I) account,<sup>21</sup> a \$375 million (18.5 percent) decrease from the FY 2022 enacted level.<sup>22</sup> The PC&I account funds the acquisition, procurement, construction, rebuilding, and physical improvements of Coast Guard owned and operated vessels, aircraft, facilities, aids-to-navigation (AtoN), communications and information technology systems, and related equipment. Specifically, the budget request includes \$1.476 billion for sustainment and acquisition of the following assets:

- In-service vessel sustainment: Major Maintenance Availabilities (MMA) ensure in-service vessels continue to meet their designed service life through the recapitalization of hull, mechanical, electrical and electronic systems that have been identified as the highest contributors to maintenance costs and operational availability degradation. SLEPs increase in-service vessel service life without significantly modifying capabilities.
  - \$36 million for 47-ft Motor Life Boat SLEP;
  - \$22.5 million for 225-ft Buoy Tender MMA;
  - \$23.8 million for 270-ft Medium Endurance Cutter SLEP;
  - \$7 million for 175-ft Coastal Buoy Tender MMA; and
  - \$4 million for CGC HEALY MMA.
- National Security Cutter (NSC): \$60.0 million for delivery of NSC #10 and continued construction of NSC #11, including Post Delivery Activities (PDA) necessary to make these cutters ready for operation.

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<sup>19</sup> United States Coast Guard. *U.S. Coast Guard Budget Overview: Fiscal Year 2023 Congressional Justification*.

<sup>20</sup> *Id.*

<sup>21</sup> *Id.*

<sup>22</sup> Consolidated Appropriations Act, 2022 (Public Law 117-103).

- Offshore Patrol Cutter (OPC): \$650 million for the construction of OPC #5, and Long Lead Time Materials (LLTMs) for OPC #6. The acquisition of 25 OPCs, including PDA necessary to make these cutters ready for operations, to replace the Coast Guard’s fleet of Medium Endurance Cutters (WMECs), and bridge the capabilities of the NSC and FRC. The delivery of OPC #1 is anticipated to occur in FY 2023.
- Fast Response Cutter (FRC): \$16.0 million for the delivery of FRCs #51-55. Continued construction of FRCs is necessary to replace the Coast Guard’s fleet of 110-ft Island Class Patrol Boats (WPBs).
- Boats: \$8.0 million to order/deliver one Long Range Interceptor (NSC #10-11), nine Over-The-Horizons (NSC #10-11, OPCs #1-3, PSC #1), and six Maritime Security Response Team boats.
- Polar Security Cutter (PSC): \$167.2 million for the continued construction of PSC #1, the start of construction of PSC #2, and the continued purchase of LLTM for PSC #3.
- \$125 million for the purchase of a commercially available Polar Icebreaker.
- Waterways Commerce Cutter program: \$77.0 million for project planning and LLTM/construction of River Buoy Tender and Construction Tender first articles, and the continued development of government-led design for the Inland Buoy Tender.
- \$15.0 million for a multi-year CGC POLAR STAR SLEP.
- \$182.0 million for aircraft.
- \$82.0 million for other acquisition programs.

The budget request also includes \$180 million for shore facilities and AtoN.<sup>23</sup> This request is a decrease of \$183.2 million (50.4 percent) from the FY 2021 enacted level,<sup>24</sup> and a decrease of \$99.7 million (35.6 percent) from the President’s FY 2022 budget request.<sup>25</sup> The Coast Guard estimates that there is a \$1 billion deferred shore facility maintenance backlog, while the Government Accountability Office (GAO) approximated that number at \$2.6 billion in February 2019 (likely higher today), according to Coast Guard information.<sup>26</sup> As of 2018, the deferred maintenance backlog included more than 5,600 projects, while the recapitalization and new construction backlog included 125 projects.<sup>27</sup> GAO’s analysis of Coast Guard data found that as of November 2018, there were hundreds of recapitalization projects without cost estimates—the majority of recapitalization projects.<sup>28</sup> Coast Guard officials told GAO that these projects were in the preliminary stages of development.<sup>29</sup> From that report, the GAO recommended that the Commandant of the Coast Guard employ models for its asset lines to predict the outcome of investments, analyze trade-offs, and optimize decisions among competing investments.<sup>30</sup> The Coast Guard concurred, and in response to Section 5108 of title 14, United States Code, the Coast Guard produced their Unfunded Priorities List (UPL) in order of

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<sup>23</sup> United States Coast Guard. *Fiscal Year 2023 President’s Budget: Fact Sheet*, available at <https://www.uscg.mil/Portals/0/documents/budget/2023/FY%202023%20President's%20Budget%20Fact%20Sheet.pdf?ver=gcTYiFH9QRw%3d>.

<sup>24</sup> United States Coast Guard. *Budget Overview: Fiscal Year 2022 Congressional Justification*, available at [https://www.uscg.mil/Portals/0/documents/budget/2022/FY2022\\_Congressional\\_Justification.pdf?ver=YXeBcfwpIAE7RuU94zRJg%3d%3d](https://www.uscg.mil/Portals/0/documents/budget/2022/FY2022_Congressional_Justification.pdf?ver=YXeBcfwpIAE7RuU94zRJg%3d%3d).

<sup>25</sup> *Id.*

<sup>26</sup> Government Accountability Office. *COAST GUARD SHORE INFRASTRUCTURE: Actions Needed to Better Manage Assets and Reduce Risks and Costs*. GAO-19-711T, September 25, 2019.

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

priority on June 29, 2021.<sup>31</sup> This included \$992.2 million for Procurement, Construction, and Improvements; and \$121.1 million for Operations and Support, totaling \$1.1 billion across the two accounts.<sup>32</sup>

### *Research and Development*

The President requests \$7.5 million in FY 2023 for the Coast Guard's Research and Development (R&D) account, an amount equal the FY 2022 enacted level. The R&D account supports improved mission performance for the Service's 11 statutory missions through applied research and development of new technology and methods.<sup>33</sup>

The Coast Guard intends to use the requested \$7.5 million in FY 2023 for programs to develop technologies and systems that improve operational presence and response, as well as perform technology assessments to inform the early stages of the acquisition process.<sup>34</sup> Of the funding, \$0.5 million is derived from the Oil Spill Liability Trust Fund as authorized by the Oil Pollution Act of 1990 (33 USC §§ 2701-2761).<sup>35</sup>

### **Federal Maritime Commission**

The FMC was established in 1961 as an independent agency that regulates ocean-borne transportation in the foreign commerce of the United States.<sup>36</sup> The FMC protects shippers and carriers from restrictive or unfair practices of ocean carriers, including foreign-flagged carrier alliances. The FMC also enforces laws related to cruise vessel financial responsibility to ensure cruise vessel operators have sufficient resources to pay judgments to passengers for personal injury or death or for nonperformance of a voyage.<sup>37</sup>

The FMC is composed of five commissioners appointed for five-year terms by the President with the advice and consent of the Senate. The Honorable Daniel B. Maffei was designated Chairman of the Commission by the President in March 2021.

The President's FY 2023 budget request for the FMC<sup>38</sup> compares to the FY 2022 enacted funding level<sup>39</sup> as shown here:

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<sup>31</sup> United States Coast Guard. *FY 2022 Unfunded Priorities List*, available at [https://www.dhs.gov/sites/default/files/publications/uscg\\_-\\_fy\\_2022\\_unfunded\\_priorities\\_list.pdf](https://www.dhs.gov/sites/default/files/publications/uscg_-_fy_2022_unfunded_priorities_list.pdf).

<sup>32</sup> *Id.*

<sup>33</sup> United States Coast Guard. *Budget Overview: Fiscal Year 2023 Congressional Justification*.

<sup>34</sup> *Id.*

<sup>35</sup> *Id.*

<sup>36</sup> Section 46101 of title 46, United States Code, available at <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title46-section46101&num=0&edition=prelim>.

<sup>37</sup> Federal Maritime Commission. *Federal Maritime Commission FY 2023 Budget Justification*, available at <https://fmc2.fmc.gov/wp-content/uploads/2022/03/Federal-Maritime-Commission-CONG23-Budget-Submission.pdf>.

<sup>38</sup> *Id.*

<sup>39</sup> Consolidated Appropriations Act, 2022 (Public Law 117-103).

<b>FMC FY 2022 Enacted to FY 2023 President's Budget Request Comparison</b>				
(Dollars in Thousands)				
<b>Account</b>	<b>FY 2022 Enacted</b>	<b>President's FY 2023 Budget Request</b>	<b><i>FY 2022 to FY 2023 Change (\$)</i></b>	<b><i>FY 2022 to FY 2023 Change (%)</i></b>
<b>Office of Inspector General (OIG)</b>	\$485	\$544*	\$70	14.4%
<b>Operations and Administrative Program</b>	\$32,384	\$34,140	\$1,756	5.4%
<b>Total</b>	<b>\$32,869</b>	<b>\$34,684</b>	<b>\$1,815</b>	<b>5.5%</b>
*FMC, with concurrence from the OIG, will no longer include a distribution of overhead costs in the allocation of the budget for OIG expenses.				

The President requests \$34.7 million in FY 2023 for the activities of the FMC, a \$1.8 million (5.5 percent) increase from the FY 2022 enacted level. This request would permit additional personnel hires (increase of 36 FTE compared to FY 2022 staffing level)<sup>40</sup> in advance of anticipated retirements in key high-level or hard-to-fill positions. It also includes a projected 4.6 percent pay raise for personnel in FY 2023, information technology and cybersecurity modernization projects, and activities of the Office of Inspector General.<sup>41</sup>

### **Maritime Administration**

MARAD was established in 1950.<sup>42</sup> It administers financial programs to build, promote, and operate the U.S. flag fleet; manages the disposal of federal government-owned vessels; regulates the transfer of U.S. documented vessels to foreign registries; maintains a reserve fleet of federal government-owned vessels essential for national defense; operates the U.S. Merchant Marine Academy; and administers a grant-in-aid program for state operated maritime academies and other financial assistance programs to support the U.S. maritime and shipbuilding industries.<sup>43</sup> Lucinda Lessley has served as the Acting Administrator of MARAD since January 2021.

The President's FY 2023 budget request for MARAD<sup>44</sup> compares to the FY 2022 enacted funding level<sup>45</sup> as shown here:

<sup>40</sup> Federal Maritime Commission. *FMC FY 2023 Budget Request*, briefing delivered to the H.R. Committee on Transportation and Infrastructure on April 19, 2022.

<sup>41</sup> Office of Inspector General. *Office of Inspector General FY 2023 Justification of Estimates for Congress*, available at <https://oig.hhs.gov/documents/root/1026/FY-2023-HHS-OIG-CJ.pdf>.

<sup>42</sup> Section 109 of title 49, United States Code, available at <https://www.law.cornell.edu/uscode/text/49/109>.

<sup>43</sup> Department of Transportation. *FY 2023 Budget Highlights: Maritime Administration*, available at [https://www.transportation.gov/sites/dot.gov/files/2022-03/Budget\\_Highlights\\_FY2023.pdf](https://www.transportation.gov/sites/dot.gov/files/2022-03/Budget_Highlights_FY2023.pdf).

<sup>44</sup> *Id.*

<sup>45</sup> Consolidated Appropriations Act, 2022 (Public Law 117-103).

<b>MARAD FY 2022 Enacted to FY 2023 President's Budget Request Comparison</b>				
<i>(Dollars in Thousands)</i>				
<b>Account</b>	<b>FY 2022 Enacted</b>	<b>President's FY 2023 Budget Request</b>	<b><i>FY 2022 to FY 2023 Change (\$)</i></b>	<b><i>FY 2022 to FY 2023 Change (%)</i></b>
<b>Operations and Training</b>	\$ 172,204	\$ 192,000	\$ 19,796	11.50%
<b>Assistance to Small Shipyards</b>	\$ 20,000	\$ 20,000	\$ -	0.00%
<b>Ship Disposal Program</b>	\$ 10,000	\$ 6,000	\$ (4,000)	-40.00%
<b>Maritime Security Program</b>	\$ 318,000	\$ 318,000	\$ -	0.00%
<b>Title XI - Administrative Expenses</b>	\$ 3,000	\$ 3,000	\$ -	0.00%
<b>Title XI - Loan Guarantees</b>	\$ -	\$ -	\$ -	0.00%
<b>State Maritime Academy Operations</b>	\$ 423,300	\$ 77,700	\$ (345,600)	-81.64%
<b>Cable Security Fleet Program</b>	\$ 10,000	\$ -	\$ (10,000)	-100.00%
<b>Tanker Security Program</b>	\$ 60,000	\$ 60,000	\$ -	0.00%
<b>Maritime Transportation System Emergency Relief Authority</b>	\$ -	\$ -	\$ -	0.00%
<b>Port Infrastructure Development Program</b>	\$ 234,310	\$ 230,000	\$ (4,310)	-1.84%
<b>Total</b>	<b>\$ 1,250,814</b>	<b>\$ 906,700</b>	<b>\$ (344,114)</b>	<b>-27.51%</b>

The President requests \$907 million in FY 2023 for the activities of MARAD,<sup>46</sup> a \$344 million (27.5 percent) decrease from the FY 2022 enacted level.<sup>47</sup>

MARAD's FY 2023 budget request does not include funding for the:

- Maritime Transportation System Emergency Relief Authority;
- Cable Security Fleet Program (although this program has some funds that carried over from FY 2022); or
- Title XI Loan Guarantees.

### *Operations and Training*

The President's FY 2023 budget requests \$192 million for Operations and Training, an increase of \$19.8 million (11.5 percent) beyond the FY 2022 enacted level. Included in this request is \$87.8 million for academic operating expenses of the U.S. Merchant Marine Academy (USMMA), including the continued implementation of measures to help prevent sexual assault and sexual harassment; \$11.9 million to fund routine and unplanned emergency facility maintenance and repairs of the USMMA's aging buildings and infrastructure; \$10 million for the Maritime Environmental and Technical Assistance program, which advances low carbon alternative energies and technologies that are safe, affordable, and sustainable, while also supporting job growth in clean energy and maritime transportation fields; \$10.8 million for America's Marine Highway grants to support the development, expansion and modernization of America's navigable waterways and landslide infrastructure to enable

<sup>46</sup> Department of Transportation. *FY 2023 Budget Highlights: Maritime Administration*.

<sup>47</sup> Consolidated Appropriations Act, 2022 (Public Law 117-103).

the movement of freight by water; and \$4 million to support program evaluation assessments aimed at improving the efficiency and resiliency of agency core assets and programs.<sup>48</sup>

#### *Assistance to Small Shipyards*

The Assistance to Small Shipyards Grant Program provides capital grants to small privately-owned shipyards to expand and modernize shipbuilding capacity, efficiency, and competitiveness. Grant requests routinely exceed available funds. The program received \$20 million in FY 2022, and the President also requests \$20 million in the FY 2023 budget.<sup>49</sup>

#### *Ship Disposal*

The President requests \$6 million for the Ship Disposal Program, which is a \$4 million (40 percent) decrease from the FY 2022 enacted level. This program provides for the proper disposal of obsolete government-owned merchant ships maintained by MARAD in the National Defense Reserve Fleet. This request includes \$3 million to maintain the Nuclear Ship SAVANNAH in protective storage according to Nuclear Regulatory Commission license requirements, while decommissioning of the vessel's defueled nuclear reactor, components, and equipment is in progress.<sup>50</sup> This funding also includes \$3 million for Ship Disposal Program support, including salaries and overhead.<sup>51</sup> The National Defense Reserve Fleet is under the jurisdiction of the House Committee on Armed Services.

#### *Maritime Security Program*

The President requests \$318 million for the Maritime Security Program (MSP), which is equal to the FY 2022 enacted level, to maintain a viable commercial fleet that can support a U.S. presence in foreign commerce. Under this program, \$318 million in direct payments are allocated among up to 60 U.S. flagged vessel operators engaged in foreign trade. MSP vessel operators must keep their vessels in active commercial service and provide intermodal sealift support to the Department of Defense in times of war or national emergency. This budget request enables vessel operators to remain active and available for service, and results in \$5.3 million per stipend payment for each of the 60 ships in the program.<sup>52</sup> Allocating less than \$318 million annually for the program allows U.S. vessels to exit without penalty, and likely would also leave to vessels exiting the U.S. flag registry. The MSP is under the jurisdiction of the House Committee on Armed Services.

#### *Title XI Loan Guarantees – Administrative Expenses*

The President requests \$3 million for administrative expenses to carry out the guaranteed loan program, which is equal to the FY 2022 enacted level. The Title XI Loan Guarantee Program helps to promote the growth and modernization of the U.S. shipyard industry by providing additional opportunities for vessel construction and modernization, including repowering that may otherwise be unavailable to ship owners.<sup>53</sup> The program is under the jurisdiction of the House Committee on Armed Services.

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<sup>48</sup> Department of Transportation. *FY 2023 Budget Highlights: Maritime Administration*.

<sup>49</sup> *Id.*

<sup>50</sup> *Id.*

<sup>51</sup> *Id.*

<sup>52</sup> *Id.*

<sup>53</sup> *Id.*

### *State Maritime Academies*

The President requests \$77.7 million for the six State Maritime Academies (SMA), which is a decrease of \$345.6 million (81.6 percent) compared to the FY 2022 enacted level. This request includes \$35 million for vessel management, logistics, and maintenance oversight to support integration of National Security Multi-Mission Vessels (NSMMV) into the schoolship fleet of training vessels; \$30.5 million to maintain the six legacy SMA training ships; \$6 million in direct payments to the schools; \$2.4 million for student tuition assistance; and \$3.8 million for training ship fuel assistance. The decrease of \$345.6 million is primarily due to the completion of construction of the sixth NSMMV. SMA Operations provides federal assistance to the six SMAs, to help educate and train mariners and future leaders to support the U.S. marine transportation system. These graduates promote commerce in the United States and aid in the national defense by serving in the merchant marine. The SMA Operations request funds student financial assistance, direct assistance to each of the six SMAs, and support of new training vessels under the NSMMV program. SMAs are under the jurisdiction of the House Committee on Armed Services.

### *Tanker Security Program*

The FY 2023 request for the Tanker Security Program (TSP) is \$60 million, an amount equal to the FY 2022 enacted level. TSP provides direct payments to U.S. Flagship product tankers capable of supporting national economic and Department of Defense contingency requirements. The purpose of this program is to provide retainer payments to carriers to support a fleet of militarily useful, commercially viable product tankers sailing in international trade, as well as assure access to a global network of intermodal facilities.<sup>54</sup> The program will also sustain a base of U.S. Merchant Mariners to support national security requirements during times of urgent need. The program is under the jurisdiction of the House Committee on Armed Services.

### *Port Infrastructure Development Program*

The President requests \$230 million for the Port Infrastructure Development Program (PIDP), a decrease of \$4.3 million (1.84 percent) from the FY 2022 enacted level. This request is in addition to the \$450 million investment in advance appropriations provided in FY 2023 under the bipartisan *Infrastructure Investment and Jobs Act* (Public Law 117-58).<sup>55</sup> The PIDP provides grants for coastal seaports, inland river ports, and Great Lakes ports infrastructure to improve the safety, efficiency, or reliability of the movement of goods, and to reduce environmental impacts in and around ports.<sup>56</sup>

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<sup>54</sup> *Id.*

<sup>55</sup> *Id.*

<sup>56</sup> *Id.*

**WITNESS LIST**

**Admiral Karl P. Schultz**  
Commandant  
United States Coast Guard

**Master Chief Jason M. Vanderhaden**  
Master Chief Petty Officer of the Coast Guard  
United States Coast Guard

**The Honorable Daniel B. Maffei**  
Chairman  
Federal Maritime Commission

**Ms. Lucinda Lessley**  
Acting Administrator  
Maritime Administration